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Crown International Corporation Limited
皇冠環球集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 727)

(1) VERY SUBSTANTIAL ACQUISITION
(2) SPECIFIC MANDATE TO ISSUE NEW SHARES
AND
(3) RESUMPTION OF TRADING

Financial adviser to the Company



THE ACQUISITION

The Board is pleased to announce that on 31 October 2014 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company at the Consideration, being HK\$1,008,000,000, in which HK\$700,000,000 will be satisfied by cash payment and the remaining HK\$308,000,000, will be satisfied by the issuance and allotment of the Consideration

Shares to the Vendor, at an issue price of HK\$0.70 per Consideration Share. The issue price of HK\$0.70 per Consideration Share represents (i) a discount of approximately 24.73% to the closing price of HK\$0.930 per Share on the Last Trading Day; (ii) a discount of approximately 21.70% to the average closing price of HK\$0.894 per Share for the last 5 trading days up to and including the Last Trading Day; (iii) a discount of approximately 18.70% to the average closing price of HK\$0.861 per Share for the last 10 trading days up to and including the Last Trading Day; and (iv) a discount of approximately 14.43% to the average closing price of HK\$0.818 per Share for the last 30 trading days up to and including the Last Trading Day.

The Consideration Shares to be issued to the Vendor will represent (i) approximately 20.37% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.92% of the issued share capital of the Company as enlarged by the issuance and allotment of the Consideration Shares. The Consideration Shares are to be issued and credited as fully paid, will rank *pari passu* in all respects with the existing Shares in issue.

The Target Company is a company incorporated in the PRC with limited liability and owned as to 100% by the Vendor. It is an investment holding company that does not have any business other than its investment in the Property. The Property is a residential and commercial complex located at No. 69, Zhongshan Third Road, Eastern District, Zhongshan City, which comprises 2 blocks of 28-storey residential buildings built over a 4-level retail podium and a 2-level basement. The preliminary valuation of the Property as at 30 September 2014 on a completion basis amounted to approximately RMB1,245,000,000 (equivalent to approximately HK\$1,568,700,000). Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group.

SPECIFIC MANDATE

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. Pursuant to the Sale and Purchase Agreement, as part of the Consideration, the Company shall issue the Consideration Shares to the Vendor upon Completion. The Company will seek the grant of a specific mandate at the SGM for the allotment and issue of the Consideration Shares.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Rule 14.06(5) of the Listing Rules and will accordingly be subject to the requirements of reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons within the meaning of the Listing Rules; (ii) the Vendor, its ultimate beneficial owners and their respective associates did not hold any Shares, options or securities convertible or exchangeable into Shares as at the date of this announcement; and (iii) the Vendor and its ultimate beneficial owners did not have any prior business relationship or had entered into or propose to enter into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and negotiation (whether concluded or not) with the Company or any of its connected persons as at the date of this announcement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition which is different from the other Shareholders. Therefore, no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. If the Vendor and its ultimate beneficial owners hold any Shares on the date of SGM, they will be required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The SGM will be convened to be held to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the sale and purchase of the Sale Shares, the allotment and issue of the Consideration Shares and the granting of specific mandate to allot and issue of the Consideration Shares.

A circular containing, among other things, (i) further details of the Acquisition and the Consideration Shares; (ii) financial information of the Target Group and the pro forma financial statements of the Enlarged Group upon Completion; (iii) the valuation report of the Property; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 31 December 2014.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 3 November 2014 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 10 November 2014.

Shareholders and investors should note that Completion is subject to various conditions precedent to the Sale and Purchase Agreement including those set out in the paragraph headed “Conditions precedent” of this announcement. The Sale and Purchase Agreement and the transactions contemplated thereunder may or may not proceed. Shareholders and investors are therefore urged to exercise caution when dealing in the Shares.

THE ACQUISITION

The Board is pleased to announce that on 31 October 2014 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company at the Consideration, being HK\$1,008,000,000, in which HK\$700,000,000 will be satisfied by cash payment and the remaining HK\$308,000,000 will be satisfied by the allotment and issue of the Consideration Shares to the Vendor, at an issue price of HK\$0.70 per Consideration Share. Principal terms of the Sale and Purchase Agreement are set out below:

THE SALE AND PURCHASE AGREEMENT

Date: 31 October 2014 (after trading hours)

Parties: (i) Purchaser: Crown International Resort Limited, which is an indirect wholly-owned subsidiary of the Company

(ii) Vendor: Sino Oasis Oversea Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Asset to be acquired

The Sale Shares, representing the entire issued capital of the Target Company.

The Consideration

The Consideration of the Acquisition shall be HK\$1,008,000,000, in which HK\$700,000,000 will be satisfied by cash payment and the remaining HK\$308,000,000 will be satisfied by the allotment and issue of the Consideration Shares.

Payment terms and basis for Consideration

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (i) as to HK\$75,600,000 by cash within 10 Business Days immediately after signing the Sale and Purchase Agreement;
- (ii) as to HK\$624,400,000 by cash within one year after all conditions precedent set out in the Sale and Purchase Agreement are fulfilled or waived by the Purchaser; and
- (iii) as to HK\$308,000,000 by the allotment and issue of the Consideration Shares upon Completion.

As at the date of this announcement, HK\$75,600,000 has been paid by the Purchaser to the Vendor.

The issue price of HK\$0.70 per Consideration Share represents (i) a discount of approximately 24.73% to the closing price of HK\$0.930 per Share on the Last Trading Day; (ii) a discount of approximately 21.70% to the average closing price of HK\$0.894 per Share for the last 5 trading days up to and including the Last Trading Day; (iii) a discount of approximately 18.70% to the average closing price of HK\$0.861 per Share for the last 10 trading days up to and including the Last Trading Day; and (iv) a discount of approximately 14.43% to the average closing price of HK\$0.818 per Share for the last 30 trading days up to and including the Last Trading Day.

The issue price per Consideration Share at HK\$0.70 was determined after arm's length negotiations between the Company and the Vendor, having regard to, among other things, the prevailing market price of the Shares; the terms and conditions of the Sale and Purchase Agreement and the quality and size of the Property held by the Target Company. The Directors consider that the issue price per Consideration Share at HK\$0.70 is fair and reasonable and in the interest of the Company and the Shareholders as a whole based on current market conditions.

The Consideration Shares to be issued to the Vendor will represent (i) approximately 20.37% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.92% of the issued share capital of the Company as enlarged by the issuance and allotment of the Consideration Shares. The Consideration Shares are to be issued and credited as fully paid, will rank *pari passu* in all respects with the existing Shares in issue.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Despite the Consideration is higher than the net asset value of the Target Company as at 30 June 2014, in determining the Consideration, importance is attached by the Directors to (i) the fair value of the Property on a completion basis of approximately RMB1,245,000,000 (equivalent to approximately HK\$1,568,700,000, performed by an independent valuer as at 30 September 2014; (ii) the fair value of the Property does not take into consideration the liabilities of the Target Company and assuming the Property is free from encumbrances; (iii) the Consideration (i.e. cost of acquisition) of the Property is HK\$1,008,000,000, representing a discount of approximately 20.68% to the fair value of the Property on a completion basis as at 30 September 2014 minus the total liabilities as at 30 June 2014 (assuming total liabilities remained unchanged as at 30 September 2014); and (iv) the future prospects of the real estate market in Zhongshan City, the PRC. In light of the above and taking into account the Consideration was determined between the Company and the Vendor after arm's length negotiations and on normal commercial terms, the Directors consider that the Consideration to be attractive, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Based on the aforesaid, the Directors consider that the terms and conditions of the Acquisition, including the Consideration, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Acquisition is conditional upon, among other things, the fulfillment (or waiver by the Purchaser) of the following conditions:

- (i) the Vendor having obtained all necessary approvals, authorizations, consents from and completed all necessary registrations and filings (if applicable) and with the relevant governmental authorities or regulatory bodies (including but not limited to governmental authorities or regulatory bodies in the PRC) in respect of the Sale and Purchase Agreement;
- (ii) the passing of resolutions by the Shareholders at the SGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to allotment and issue of the Consideration Shares;
- (iii) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (iv) the warranties given by the Vendor under the Sale and Purchase Agreement remaining true, correct and not misleading in all material respects on or before Completion;
- (v) the Purchaser being reasonably satisfied with the results of the due diligence review of the business, operations, legal and financial position of the Target Company pursuant to the Sale and Purchase Agreement; and
- (vi) the Purchaser being satisfied that there are no circumstances, facts, or situation constituting or possibly constituting a breach of Vendor's warranties contained in the Acquisition Agreement and the Vendor having complied with all of its respective obligations under the Acquisition Agreement.

The Sale and Purchase Agreement does not have a long stop date. The Company shall have the right to waive the conditions as mentioned above in its absolute discretion, save as and except for conditions (i), (ii), (iv), (v) and (vi). As at the date of this announcement, conditions (i), (ii), (iv), (v) and (vi) have not been fulfilled or waived. If any of the conditions precedent as set out in the Sale and Purchase Agreement has not been fulfilled or waived by the Purchaser, the Purchaser, at its sole discretion and by making written notice to Vendor, will be entitled to the refund of HK\$75,600,000 cash payment to its designated account from the Vendor within 3 Business Days upon Vendor's receipt of the aforesaid notice.

Completion

Completion for the allotment and issue of Consideration Shares will take place on the 15 Business Day after all conditions precedent to the Sale and Purchase Agreement have been satisfied or waived (except for (i), (ii), (iv) (v) and (vi) above) by the Company (or such other time and date as the parties to the Sale Purchase Agreement may agree).

SPECIFIC MANDATE

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. Pursuant to the Sale and Purchase Agreement, as part of the Consideration, the Company shall issue the Consideration Shares to the Vendor upon Completion. The Company will seek the grant of a specific mandate at the SGM for the allotment and issue of the Consideration Shares.

INFORMATION OF THE PURCHASER AND THE GROUP

The purchaser is an indirect wholly-owned subsidiary of the Company and its principal activity is property investment.

The principal activities of the Group are hotel investment and property investment. As at the date of this announcement, the Group has three properties in Yingkou, Weifang and Ninghai, the PRC in its property portfolio through “U” Inns & Hotels Holdings Limited. According to the annual report of the Company dated 31 March 2014, the Group entered into equity transfer agreements with independent third parties to dispose of the entire equity interest in its subsidiaries holding the hotel properties in Wafangdian, Tonghua and Wuhan and Jinggangshan, respectively. Subsequent to the last financial reporting period, Wuhan, Tonghua and Wafangdian were completed and Jinggangshan had not been completed, either pending approval of the relevant authorities or settlement of final payment by the relevant purchaser. The completion date for the Jinggangshan is uncertain. The Company will closely monitor the status aiming at completing Jinggangshan as soon as possible.

INFORMATION ON THE VENDOR, THE TARGET COMPANY AND THE PROPERTY

The Vendor is an investment holding company incorporated in Samoa with limited liability.

The Target Company is a company incorporated in the PRC with limited liability and owned as to 100% by the Vendor. It is an investment holding company and does not have any business other than its investment in the Property.

The Property is the residential and commercial complex located at No. 69, Zhongshan Third Road, Eastern District, Zhongshan City, which comprises 2 blocks of 28-storey residential buildings with up-scale luxurious residential units with a total GFA of over 56,000 square meters and a 4-level retail podium of over 19,000 square meters and over 440 car parking spaces in the 2-level underground garage, with over 9,900 square meters. The land use rights of the Property were granted for a term expiring on 20 January 2062 for commercial and residential use. The Target Company has obtained a pre-sale permit for 836 units of the Property (including 832 residential units and 4 commercial units) with a total GFA of approximately 75,395.31 square meters, valid from 14 March 2014 to 14 March 2016. As at the date of this announcement, the Target Company is working on refund of monies paid by its relevant buyers with an aggregate amount of RMB7,408,263 (equivalent to approximately HK\$9,334,411) in relation to the 17 pre-sales residential properties.

The Target Company has received all necessary approvals and permits, etc. for the residential and commercial properties save and except for 竣工及驗收 (completion and acceptance) after completion of the Property.

Superstructure works of the Property have been completed and some interior fitting out works of the Property are currently being carried out. Completion of construction of the Property is expected to be December 2014.

With reference to the preliminary valuation report prepared by an independent valuer, the fair value of the Property on a completion basis as at 30 September 2014 was approximately RMB1,245,000,000 (equivalent to approximately HK\$1,568,700,000). The fair value on completion basis does not take into consideration any future capital expenditure required for the Property to be in the state of its intended use since the Vendor is responsible for completion of the Property, all capital expenditures incurred in relation to the Property will be borne by the Vendor. The fair value of the Property does not take into consideration the liabilities of the Target Company. Furthermore, the preliminary valuation assumes that the Property is free from encumbrances. The fair value breakdown of the residential, commercial and basement portions of the Property as at 30 September 2014 on completion basis were approximately RMB570,000,000 (equivalent to approximately HK\$718,200,000), RMB591,000,000 (equivalent to approximately HK\$744,660,000) and RMB84,000,000 (equivalent to approximately HK\$105,840,000) respectively.

The Company intends to hold the Property (including 836 residential and commercial units with pre-sale permit) for long-term investment and for property rental business. It is the Group's strategies to develop its properties into budget hotels or, when appropriate, outright sales and the Directors consider that the Acquisition is in line with the Group's principal businesses. The Property will be classified as a non-current assets and be stated at its fair market value in the statements of financial position of the Group. The Property was classified as properties held for sale and as current assets in the statements of financial position of the Target Company.

Set out below is a summary of the key financial information of the Target Company for each of the three years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2014, as extracted from the unaudited management accounts of the Target Company:

Extracts of income statement of the Target Company

	Six months ended		Year ended 31 December	
	30 June	2013	2012	2011
	2014	2013	2012	2011
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net loss before taxation	7.67	13.21	0.22	2.44
	(equivalent	(equivalent	(equivalent	(equivalent
	to approximately	to approximately	to approximately	to approximately
	HK\$9.66 million)	HK\$16.64 million)	HK\$0.28 million)	HK\$3.07 million)
Net loss after taxation	7.67	13.21	0.22	2.44
	(equivalent	(equivalent	(equivalent	(equivalent
	to approximately	to approximately	to approximately	to approximately
	HK\$9.66 million)	HK\$16.64 million)	HK\$0.28 million)	HK\$3.07 million)

Extracts of statements of financial position of the Target Company

	As at 30 June		As at 31 December	
	2014	2013	2012	2011
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total assets	239.41	238.63	228.96	162.11
	(equivalent	(equivalent	(equivalent	(equivalent
	to approximately	to approximately	to approximately	to approximately
	HK\$301.66 million)	HK\$300.67 million)	HK\$288.49 million)	HK\$204.26 million)
Total liabilities	236.38	227.93	206.73	139.66
	(equivalent	(equivalent	(equivalent	(equivalent
	to approximately	to approximately	to approximately	to approximately
	HK\$297.84 million)	HK\$287.19 million)	HK\$260.48 million)	HK\$175.97 million)
Net assets	3.03	10.70	22.23	22.45
	(equivalent	(equivalent	(equivalent	(equivalent
	to approximately	to approximately	to approximately	to approximately
	HK\$3.82 million)	HK\$13.48 million)	HK\$28.01 million)	HK\$28.29 million)

Upon Completion, the Target Company will become an indirect wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group. In addition, all liabilities arising from the Target Company shall borne by the Company upon Completion.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the businesses of hotel investment and operations and property investment. The Group had been loss-making in two consecutive years ended 31 March 2013 and 31 March 2014, totaling to a net loss after tax of approximately HK\$72.5 million and HK\$40.8 million, respectively. In view of the unsatisfactory financial performance of the Group, the management of the Group has continued to review its existing businesses from time to time and strived to improve the business operation and financial position of the Group. It has been the business strategy of the Group to proactively seek potential investment opportunities that could enhance its value to the Shareholders. The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing investment portfolio and to broaden its source of income.

As at the date of this announcement, the Group has three properties in Yingkou, Weifang and Ninghai, the PRC in its property portfolio through “U” Inns & Hotels Holdings Limited. According to the management of the Company, the Company will adopt a prudent land reserve approach to explore more premium grade property projects with promising potentials in the PRC. The Company had identified the Target Company, with the Property as its principal assets, as an appropriate acquisition target for the Group and consider that the terms of the Acquisition are fair and reasonable and in the best interests of the Company and Shareholders as a whole due to the following reasons.

The Property is a commercial and residential property located in the intersection of Zhongshan Third Road and Xingzhong Road, Shiqi District, Zhongshan City which has an established traffic network. Shiqi District is thus situated in a strategic location for setting up businesses. The Board has considered the prospects of the real estate market in the PRC and evaluated the valuation and the locality of the Property. According to the information from the website of National Bureau of Statistics of China, the gross domestic product of the PRC increased from the year 2009, which amounted to approximately RMB34,090.3 billion (equivalent to approximately HK\$42,953.8 billion) to approximately RMB56,884.5 billion (equivalent to approximately HK\$71,674.5 billion) for the year 2013, representing a CAGR of approximately 13.7%. According to the Bureau of Statistics of Zhongshan City, the gross domestic product of Zhongshan City increased from the year 2009, amounted to approximately RMB156.4 billion (equivalent to approximately HK\$197.1 billion) to approximately RMB263.9 billion (equivalent to approximately HK\$332.5 billion) for the year 2013, representing a CAGR of approximately 14.0%. Furthermore, a total GFA sold of approximately 7.8 million sq.m. of commodity properties in 2013, representing a CAGR of approximately 8.5% over 5.6 sq.m. of commodity properties in 2009.

Having considered the above, the Directors are of the opinion that the Acquisition would provide promising prospects for the Group as the Property is located in Zhongshan, one of the major business hubs in southern China. With the well-developed traffic network and infrastructure, the rental of commercial and residential space in Zhongshan City has been growing continuously.

On the basis of the foregoing, the Directors (excluding all the independent non-executive Directors of the Company, who will give their opinion based on the recommendation from the independent financial adviser) are of the view that the terms of the Acquisition, which have been agreed after arm's length negotiations, are on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition of the Company under Rule 14.06(5) of the Listing Rules and will accordingly be subject to the requirements of reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons within the meaning of the Listing Rules; (ii) the Vendor, its ultimate beneficial owners and their respective associates did not hold any Shares, options or securities convertible or exchangeable into Shares as at the date of this announcement; and (iii) the Vendor and its ultimate beneficial owners did not have any prior business relationship or had entered into or propose to enter into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and negotiation (whether concluded or not) with the Company or any of its connected persons as at the date of this announcement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition which is different from the other Shareholders. Therefore, no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. If the Vendor and its ultimate beneficial owners hold any Shares on the date of SGM, they will be required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The SGM will be convened to be held to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the sale and purchase of the Sale Shares, the allotment and issue of the Consideration Shares, and the granting of specific mandate to allot and issue of the Consideration Shares.

A circular containing, among other things, (i) further details of the Acquisition and the Consideration Shares; (ii) financial information of the Target Group and the pro forma financial statements of the Enlarged Group upon Completion; (iii) the valuation report and of the Property; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 31 December 2014.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following chart sets out the shareholding structure of the Company, (i) as at the date of this announcement; and (ii) immediately after issue of the Consideration Shares.

Shareholders	As at the date of the announcement		Immediately after issue of the Consideration Shares	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Crown Landmark Corporation	1,329,318,000	61.54	1,329,318,000	51.13
Vendor (<i>Note</i>)	–	–	440,000,000	16.92
Public (<i>Note</i>)	830,682,000	38.46	830,682,000	31.95
Total	<u>2,160,000,000</u>	<u>100.00</u>	<u>2,600,000,000</u>	<u>100.00</u>

Note: These are all “public” shareholders

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 3 November 2014 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 10 November 2014.

Shareholders and investors should note that Completion is subject to various conditions precedent to the Sale and Purchase Agreement including those set out in the paragraph headed “Conditions precedent” of this announcement. The Sale and Purchase Agreement and the transactions contemplated thereunder may or may not proceed. Shareholders and investors are therefore urged to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the proposed acquisition of the Sale Shares of the Target Company pursuant to the Sale and Purchase Agreement
“associate(s)”	the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong
“CAGR”	compound annual growth rate; $CAGR = ((\text{value for ending year} / \text{value for beginning year})^{1/\text{number of years between ending year and beginning year}}) - 1$
“Company”	Crown International Corporation Limited, a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Connected Person(s)”	the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of HK\$1,008,000,000 payable by the Company to the Vendor for the Acquisition and which is to be satisfied as to HK\$700,000,000 by cash payment; and the remaining HK\$308,000,000 by the allotment and issue of Consideration Shares by the Company to the Vendor
“Consideration Shares”	440,000,000 Shares to be issued at HK\$0.70 per Share by the Company to the Vendor

“Directors”	the director(s) of the Company
“Enlarged Group”	the enlarged group comprising the Group and the Target Group upon the Completion
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a person who, to the best of the directors’ knowledge, information and belief having made all reasonable enquiry, is a third party independent of the Company and Connected Persons of the Company
“Last Trading Day”	31 October 2014, being the last trading day of the Shares prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	a residential and commercial complex located at No. 69, Zhongshan Third Road, Eastern District, Zhongshan City, which comprises 2 blocks of 28-storey residential buildings built over a 4-level retail podium and a 2-level basement, completed in about 2013, erected on a parcel of land with a registered site area of approximately 10,533 square meter
“Purchaser”	Crown International Resort Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	the Sale and Purchase Agreement dated 31 October 2014 (after trading hours) entered into between the Vendor and the Purchaser relating to the Acquisition
“Sale Shares”	the Sale Shares represent the entire issued share capital of the Target Company
“SGM”	the special general meeting to be convened and held by the Company for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holders of existing Shares
“Share(s)”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhongshan Hualian Industrial Development Co., Ltd., a company incorporated in the PRC
“Vendor”	Sino Oasis Oversea Limited, a company incorporated in Samoa with limited liability. More details on the Vendor are set out in the section headed “INFORMATION ON THE VENDOR, THE TARGET COMPANY AND THE PROPERTY” above
“%”	per cent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

Unless otherwise specified in this announcement, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB1.00 = HK\$1.26 for information purpose only. Such translation should not be construed as a representation that any amount in RMB has been, could have been or may be converted at the above rate or at all.

By order of the Board
Crown International Corporation Limited
Liao Pin Tsung
Chairman

Hong Kong, 7 November 2014

As at the date of this announcement, the Board comprises:

Executive Directors

Mr. LIAO Pin Tsung (*Chairman and Group Chief Executive Officer*) and Mr. MENG Jin Long

Non-executive Directors

Mr. LIU Hong Shen (*Vice Chairman*)

Independent Non-executive Directors

Mr. LONG Tao, Mr. REN Guo Hua and Mr. CHEN Fang